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THE Demand and Price SITUATION

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SUMMARY

Large expenditures by the Government for national defense and record spending by business for plant and equipment continue to support a high and relatively stable level of economic activity. The average level of wholesale prices has changed little since mid-1951.

Prices received by farmers averaged nearly 2 percent lower over the month ending January 15, 1952. The decline was due largely to lower prices for eggs, cotton, oranges, and grapefruit, and most meat animals. However, gradually rising prices for goods bought by farmers, higher interest charges, higher taxes and rising farm wage rates are building up farm costs. The index of prices paid by farmers including interest, taxes and farm wage rates, at 287 percent of the 1910-14 average, was up 1 percent from December and nearly 6 percent from a year ago. The parity ratio dropped two points over the month to 105 which compares with 110 a year ago.

In general, the rise in defense expenditures during calendar year 1952, indicated by the Federal budget recommended by the President, would be approximately in line with previous expectations. Proposed spending for national defense and related programs will rise 20 billion dollars to an annual rate of 65 billion by the end of 1952. The budget calls for total expenditures of more than 85 billion dollars in the fiscal year ending June 30, 1953, up 14.5 billion from estimates for the current fiscal year. Planned business outlays for plant

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1950 Year	1950 Dec.	1951 Sept.	1951 Oct.	1951 Nov.	1951 Dec.
Industrial production 1/							
Total	1935-39=100	200	218	219	218	219	218
All manufactures	do.	209	229	228	226	228	227
Durable goods	do.	237	268	272	274	277	280
Nondurable goods	do.	187	197	192	188	188	185
Minerals	do.	148	157	167	174	170	164
Construction activity 1/							
Contracts, total	1935-39=100	514	578	479	455	507	
Contracts, residential	do.	748	728	684	650	596	
Wholesale prices 2/							
All commodities	1926=100	162	175	178	178	178	178
All commodities except farm and food	do.	153	167	167	167	167	167
Farm products	do.	170	187	189	192	195	194
Food	do.	166	179	188	189	189	187
Prices received and paid by farmers 3/							
Prices received, all products	1910-14=100	256	286	291	296	301	305
Prices paid, interest, taxes, and wage rates	do.	255	265	282	283	284	284
Parity ratio	do.	100	108	103	105	106	107
Consumers' price 2/ 4/							
Total	1935-39=100	172	179	187	187	189	189
Food	do.	204	216	227	229	231	232
Nonfood	do.	154	159	165	166	166	167
Income							
Nonagricultural payments 5/	Bil. dol.	206.6	223.4	232.1	234.5	235.1	
Income of industrial workers 3/	1935-39=100	369	416	429	425	424	
Production worker pay rolls 2/	do.	396	453	466	462	462	
Weekly earnings of factory workers 2/							
All manufacturing	Dollars	59.23	63.88	65.45	65.21	65.25	
Durable goods	do.	63.19	68.32	70.67	70.84	70.42	
Nondurable goods	do.	54.66	58.44	58.56	58.00	58.69	
Employment							
Total civilian 6/	Millions	60.0	60.3	61.6	61.8	61.3	61.0
Nonagricultural 6/	do.	52.4	54.1	54.1	54.2	54.3	54.6
Agricultural 6/	do.	7.5	6.2	7.5	7.7	7.0	6.4
Government finance (Federal) 7/							
Income, cash operating	Mil. dol.	3,538	4,488	6,555	2,855	4,293	
Outgo, cash operating	do.	3,497	4,004	4,862	5,801	5,642	
Net cash operating income or outgo	do.	+ 40	+ 485	+1,693	-2,946	-1,348	

Annual data for the years 1929-49 appear on page 32 of the April 1951 issue of The Demand and Price Situation.

1/ Federal Reserve Board, construction activity converted to 1935-39 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. D. Department of Treasury. Data for 1950 are on average monthly basis.

and equipment are indicated at a record level in the current quarter. In addition, consumer incomes (after taxes) which have been rising at a rate of about a billion dollars a month during the past year are expected to continue upward.

Increased outlays in connection with the defense program and a moderate pick-up in consumer buying contributed to a rise of more than 5 billion dollars in the gross product of the Nation from the third to the fourth quarter of 1951. At a record annual rate of 333 billion dollars, the value of goods and services produced by the economy is currently about 10 percent above a year ago. During the final quarter of 1951 total consumer incomes rose by nearly 5 billion dollars to an annual rate of 258 billion. However, higher tax rates took a part of the gain and disposable income (after taxes) was up 3 billion dollars. The seasonally adjusted annual rate of 228 billion dollars for the fourth quarter is about 6 percent above a year earlier.

The fourth quarter increase in consumer spending was a little less than the gain in income during the period. Consequently, the rate of personal saving rose slightly to the high peace-time rate of 10 percent of disposable income. Available information on saving for 1951 indicates a substantial rise in the more liquid forms. This represents a shift from the apparent marked preference for tangible forms of personal saving in recent years.

Commodity Highlights

Moderately larger meat production is expected this year; during most of 1951 supplies were consistently below the year before. With stronger consumer demand in prospect, it is probable that dairy prices this year will continue higher than a year earlier. Per capita supplies of eggs this spring are likely to be larger than a year earlier and prices may stabilize somewhat below those of the same months of 1951. Fats and oils prices continue to fall, and are now sharply lower than a year ago; larger supplies are the reason. Feed grain prices are relatively stable at levels averaging about 10 percent higher than a year ago. The wheat crop is smaller than requirements, and carry-over will have been reduced by the end of this marketing year; prices are averaging slightly above the loan rate. Small cold-storage stocks indicate somewhat higher prices this winter and early spring for apples and pears. Oranges may rise slightly, but grapefruit prices will probably not change much. Strong demand continues for truck crops. Supplies of such vegetables as dry onions, cabbage and carrots are smaller than last year. Potatoes this season have been much more expensive than a year earlier, as both white and sweetpotato crops were much smaller. Cotton prices continue sharply above the early-season level. Wool is much cheaper than a year ago, and prices continue to decline. The season average price for Burley tobacco set a new record in 1951, and the crop was larger than the year before.

THE DEMAND FOR GOODS AND SERVICES IN 1951

Reflecting an expanded demand for defense goods and record investment spending on related defense activities, expenditures for goods and services in 1951 totaled 327 billion dollars, nearly 16 percent higher than in 1950.

Consumer demand in 1951 maintained personal expenditures for goods and services about 5.5 percent above 1950. The increase resulted from a higher average price level in 1951 than in 1950, while the volume of purchases is estimated to have been smaller than in 1950 as buyers became more conservative after the spending spree in late 1950 and early 1951. The moderation in consumer demand facilitated the shift of resources to defense and related activities in 1951 without exerting much upward pressure on prices.

Defense spending rose somewhat more slowly in 1951 than had been scheduled but the gain of approximately 20 billion dollars over the year brought the level of national security spending to an annual rate of 45 billion in the fourth quarter. These expenditures represent about 14 percent of the gross product of the economy compared with nearly 8 percent a year earlier. Virtually all of the aircraft industry is geared to turn out military goods and currently more than a quarter of the output of the metalworking and construction industries is being taken for defense.

Accompanying the rise in the size of the defense program, business spending for plant expansion rose rapidly during 1951 for the primary metal industries, transportation facilities, electric power, chemicals, petroleum, and other defense-related industries. Business expenditures for new plant and equipment are estimated at 23.1 billion dollars for 1951, up 30 percent from the preceding year. Investment in durable manufacturing industries was up about two-thirds from 1950, and outlays for expansion in iron and steel and nonferrous metals were more than double those for 1950. A large part of this expansion is being encouraged by such Government programs as "accelerated tax amortization", purchase and resale of critical materials, and direct loans and loan guarantees.

Combined consumer and business spending and Government outlays (primarily in connection with the defense program) rose 5.4 billion dollars from the third to the fourth quarter of 1951 to a seasonally adjusted annual rate of 333 billion dollars. The increase in aggregate demands on the economy was due largely to a further, though somewhat slower, rise in Government purchases of goods in connection with defense mobilization and to a pick-up in consumer buying. Business spending for plant and equipment rose slightly to a record level in the fourth quarter. But total investment expenditures were down almost 2 billion dollars from the third quarter, as the rate of inventory accumulation and expenditures for new construction (other than residential) declined further. As a seasonally adjusted annual rate of 205 billion dollars, consumer expenditures in the fourth quarter were up about 3 billion from the average for the second and third quarters of 1951.

Prospects for 1952

The security program recently submitted by the President calls for national security spending to reach an annual rate of approximately 65 billion dollars by the end of 1952. This is a gain of around 20 billion dollars over the fourth quarter 1951 rate, about the same as the rise during 1951 and somewhat less than the scheduled build-up reported by the Defense Mobilizer in the third quarter of 1951.

The President, in his message to Congress on January 21, proposed Federal budget expenditures totaling about 85 billion dollars for the fiscal year 1953. This compares with an estimated expenditure of about 71 billion dollars during fiscal 1952. Although actual spending in 1952-53 is expected to run higher than in the current year, recommended new appropriations of about 83 billion are 11 percent less than was appropriated last year. For the past three years new appropriations have exceeded actual spending. Expenditures on national security programs are scheduled to rise from about 50 billion dollars in fiscal 1952 to 65 billion dollars for fiscal 1953 and at that time will represent three-fourths of total budget expenditures.

Table 1.- Budget receipts and expenditures, actual fiscal year 1951, estimated fiscal years 1952 and 1953 1/

(Billion dollars)

Item	Actual 1951	Estimated 1952	Estimated 1953
BUDGET RECEIPTS:			
Direct taxes on individuals	24.1	30.1	33.0
Direct taxes on corporations	14.4	22.9	27.8
Excises	8.7	9.0	9.7
Other (including misc. deductions)	1.0	.7	.5
Net budget receipts	48.1	62.7	71.0
BUDGET EXPENDITURES:			
National security programs 2/	26.4	49.7	65.1
Veterans' services and benefits	5.3	5.2	4.2
Interest	5.7	6.0	6.3
Other	7.2	10.0	9.8
Total budget expenditures	44.6	70.9	85.4
Excess of budget expenditures	3/3.5	8.2	14.4

1/ Details may not add to total because of rounding.
2/ Includes military services, international security and foreign relations, development of atomic energy, promotion of defense production and economic stabilization and other programs related to national security. Expenditures on these programs as percent of total expenditures are as follows: 1951, 59 percent; 1952, 70 percent; 1953, 76 percent.
3/ Budget surplus.

Planned business outlays for new plant and equipment for the first quarter of 1952, adjusted for seasonal variation, are at a new record high. A continued high rate of investment in priority expansion programs is

indicated for 1952 according to the annual review of the Council of Economic Advisers. This conclusion is based on the progress made during 1951, the availability of materials and equipment, and such advance scheduling of programs as has been done. For example, the steel industry has been producing at an annual rate of 108 million ingot tons compared with 100 million tons at the time of Korea. Additional capacity now under construction will enable the industry to produce at a rate of about 120 million tons a year by 1954. However, certain types of industrial expansion not directly associated with national security programs, and residential housing are scheduled to be cut back sharply from 1951.

Allocations of critical materials in the first half of 1952 will hold output of automobiles, other consumer durable goods and private residential housing considerably below the levels of 1950 and 1951. Automobile manufacturers may produce about one million passenger cars in the first quarter if material allocations for 930,000 units, material conservation and use of existing inventories will permit. This compares with about 1.1 million units produced in the fourth quarter of 1951. Allocations of copper and aluminum for the second quarter will provide for only about 800,000 units on the basis of past use by the industry. However, steel allotments may support a production of 900,000 units.

Production of major consumer appliances in the first quarter of 1952 will be down a little from that of recent months but about equal to the 1947-49 average according to scheduled material allocations for these products. First quarter allocations for radio and television sets indicate about the same output as in the last quarter of 1951 and around 150 percent of the 1947-49 base period production. For the second quarter, over-all material allotments for these consumer durable goods will be reduced by about 10 percent from the first quarter rate.

In order to further conserve critical materials, residential housing starts in 1952 will be cut below the 1.1 million units produced last year. Private housing construction may have to be cut by at least 20 percent. It is estimated that 800,000 to 850,000 new nonfarm dwellings would be needed in 1952 to maintain present housing standards.

OUTPUT AND EMPLOYMENT IN 1951

In response to expanding demands on the economy total output of goods and services in 1951 was up more then 8 percent from 1950 with most of the gain occurring by the first half of 1951. However, combined expenditures by consumers, business and the Government rose nearly 16 percent resulting in a gain of 7 to 8 percent in the level of prices from 1950 to 1951.

The Federal Reserve Board's <u>index of industrial production</u> in 1951 was 219 percent of the 1935-39 average, almost 10 percent above the previous year. The seasonally adjusted index in December 1951, at 218, was no higher than in the same month a year earlier. Rising output in defense and defense-supporting industries, combined with record production levels for consumer goods, brought the index to a postwar peak of 223 in April. The moderate

decline in the latter half of the year reflects materially allocations and slackened consumer demand after the first quarter of 1951 for both durable and nondurable goods which more than offset continually rising deliveries of defense goods.

Durable goods production last year, despite cutbacks in automobiles and other consumer hard goods, was maintained at substantially higher rates than in 1950 and the index for 1951, at 273, was 15 percent above the year before. Record steel output and expanding aircraft production and shipbuilding as well as large deliveries of heavy machinery emphasize the growing relative importance of the defense mobilization effort. Output of machinery last year was almost one-fourth greater than in 1950, even though total motor vehicle production was down to about 6.8 million units compared with 8 million in 1950. Manufacture of other consumer durable goods fell off rapidly beginning in February. Housing starts declined rapidly in 1951 and output of lumber and other building materials dropped sharply during the latter part of the year.

Nondurable goods output in 1951 was up nearly 4 percent from the previous year. From a peak of 201 in January and February, the index dropped to about 187 in December 1951. As a result of large inventories and slack demand, textile production registered the sharpest drop, and by December was down to four-fifths of the year-ago level. Paper, leather, rubber, and their products have also slipped. Output of chemical products was still above a year ago in December but has declined each month since September.

Output of minerals was a record in 1951. The monthly average index for the year, at 165, was 11 percent above 1950. Strong demand for both the defense and civilian sectors of the economy kept output of crude petroleum and metals high, with high export demand an added factor in the case of bituminous coal. The index of total mineral production in December was 168, having declined from the October record of 174, as suspension of lake navigation halted iron ore shipments toward the end of the year.

Manufacturers' sales in 1951 averaged around 16 percent above the year before. Adjusted for seasonal variation, sales rose a little in October then leveled off in November, as a small upturn in the durable-goods industries was counterbalanced by a slight decline in shipments of nondurables. Inventory accumulation, which had been slowing for several months, was virtually halted in November and stocks were nearly 29 percent greater than at the end of November 1950. A continued liquidation of textile and apparel inventories was offset by increases for transportation equipment. Accompanying this relative stability for manufacturers' sales and inventories, new orders fell by almost 5 percent from October to November, continuing the trend of recent months, but the dollar volume of new business was still nearly 8 percent greater than a year earlier. The drop was relatively greater for durable goods, as orders placed with textile mills rose. However, new orders for durables exceeded sales, and unfilled orders rose very slightly, while backlogs for nondurables were almost unchanged. Compared with a year ago, manufacturers' unfilled orders are up more than 60 percent, but all of this increase is confined to producers of hard goods.

Construction expenditures during 1951 totaled 30 billion dollars, 7 percent above the 1950 figure of 28 billion. As private homebuilding and commercial building expenditures declined from the high levels of early 1951, greatly expanded activity in private industrial construction and much larger outlays for public projects more than made up the difference. The gain in expenditures over 1951 resulted from higher construction costs, while the amounts of physical work put in place in each year were about equal.

Total private construction expenditures, estimated at 20.8 billion dollars, was just about the same as in 1950. Private nonfarm residential building totaled 15 percent less than in 1950, and by December was running almost 20 percent below a year earlier. Nonresidential building outlays (nonfarm), however, were up 30 percent for the year, mainly as a consequence of the near doubling of industrial construction, and an 18 percent upturn for public utilities. Public construction in the year just concluded was valued at more than one-fourth above 1950. Large percentage gains were made by public housing, up almost 75 percent; industrial facilities, which includes atomic plants, up almost 300 percent; and military and naval facilities which were six times the 1950 level. Expenditures for construction of schools set a new record at 1.5 billion dollars, a 28 percent increase from 1950. Reflecting shortages of materials, highway building last year was more than 5 percent smaller than in the preceding year.

A total of 1,090,000 new permanent nonfarm dwelling units were placed under construction during 1951. The 22 percent drop in housing starts from record 1950 reflects credit and material restrictions which became progressively more effective during the year. By December, housing starts had declined to the lowest monthly level--62,000--since 1948. While all types of private housing declined, 62 percent more public units were begun in 1951 than in 1950. Stricter mortgage terms, requiring larger down-payments and shorter amortization periods, affected urban starts relatively more than those in rural areas and cut private apartment building almost 50 percent below 1950.

During 1951, civilian employment averaged 61 million, up one million from the 1950 average. As military forces increased, the civilian labor force declined by 200,000 to 62.9 million, and unemployment, which averaged about 1.9 million persons last year, was considerably below the 3.1 million average level of 1950. Dislocations accompanying the defense build-up resulted in substantial unemployement in some areas, but total nonagricultural employment increased slowly during 1951 as the economy shifted from civilian to defense production. Average weekly hours worked, however, have fallen off from the high level of a year ago. A decline in the average work-week has tkaen place in both the durable and nondurable goods industries.

Civilian employment dropped by about 300,000 persons during December, as further seasonal declines in agricultural employment offset the fourth consectuive monthly rise in employment in industry and trade. The number of persons at work in December was estimated by the Bureau of the Census at 61 million. However, the civilian labor force, at 62.7 million compared with 63.2 million in November, declined more than total employment. Consequently, the number of unemployed was down slightly to about 1.7 million. The number of persons without jobs is near the postwar low.

INCOME AND RELATED FACTORS IN 1951

Personal income during the fourth quarter of last year was at a seasonally-adjusted annual rate of about 258 billion dollars, roughly 8 percent above the last quarter of 1950. The estimated total of 251 billion for 1951 is almost 12 percent higher than in 1950. The 5-billion-dollar advance in personal income payments from the third to the fourth quarter of 1951 is accounted for mainly by a rise of 3.2 billion in wages and salaries. While employment and hours worked in private industry were virtually unchanged, hourly earnings continued to advance. Retroactive pay increases for Government employees made up a part of the rise in wages and salaries.

Proprietors' and rental income, on a seasonally adjusted annual rate basis, was about 50 billion dollars in the fourth quarter, up 1 billion from the third quarter and 3 billion higher than in the last quarter of 1950. All groups participated in the 5-billion-dollar increase in proprietors' and rental income from 1950 to an estimated 49 billion for 1951.

Higher tax rates took a larger bite of the increase in consumer incomes from the third to the fourth quarter of last year. As a result, disposable income of consumers (income after taxes) rose by 3 billion to an annual rate of 228 billion dollars for the fourth quarter. This compares with a disposable income of 223 billion dollars for 1951 as a whole, about 9 percent above 1950.

Consumer expenditures for goods and services in the last quarter of 1951 rose almost as much as disposable income, to a seasonally adjusted annual rate of 205 billion dollars. With a slightly larger increase in consumer income than in spending, personal saving rose from 9.9 to 10 percent of disposable income. The average for the year was a little over 8 percent of disposable income.

Retail inventories have been declining since May. With the moderate pick-up in sales in the fourth quarter, inventories appear to be approaching a more normal relationship to sales. Expenditures for consumer durable goods, at a seasonally adjusted annual rate of 25.5 billion dollars in the fourth quarter, were down 6 billion from the 1951 first-quarter rate. Consumer spending on nondurables in the last quarter regained the high first-quarter rate while expenditures for services were up nearly 3 billion dollars over the first quarter.

Retail value of farm-produced food in 1951 is estimated at around 13 percent above the 35.8 billion dollars for the previous year. An increase of about 11 percent in retail food prices in urban areas contributed most to the rise. However, per capita food consumption for 1951 is estimated at 113 percent of the 1935-39 average compared with 111 for 1950.

Consumer installment debt outstanding totaled 13,259 million dollars at the end of November, a gain of 60 million for the month, and was slightly below the year-ago level. Increases for other sales credit and loans more than offset a 34-million-dollar drop in automobile sales credit, which was down for the second consecutive month. The rise of 350 million in noninstallment credit was due almost entirely to seasonally high charge accounts. Total consumer credit at the end of November amounted to 19,996 million dollars, 410 million more than the month before, and almost 600 million above a year earlier. Consumer credit outstanding declined from a high of 20.1 billion in December 1950 to 19.1 billion in July 1951. Since relaxation of restrictions in August last year, credit outstanding has risen gradually. Preliminary estimates for the end of December indicate a new peak of about 20.4 billion dollars, as another seasonal rise in charge accounts offset the usual end-of-year decline in automobile financing.

COMMODITY PRICES

After a period of marked stability from August to the end of the year, the BLS index of wholesale prices sagged almost 1 percent in the month ended January 22, 1952, to 175.9 percent of the 1926 level. Farm products were down 3.2 percent, and foods declined 1.6 percent. Industrial commodities averaged 0.2 percent lower; a 3 percent drop in chemicals and allied products, a further decline of 1.1 percent in textile products, and 0.4 percent cheaper building materials more than offset small increases in fuel and lighting materials and metals and products.

Compared with a year ago, the index of wholesale prices on January 22, 1952 was 3 percent lower. While farm products were selling for 4.4 percent less, foods still averaged 1.8 percent more. Industrial commodities as a group stood 3.5 percent lower. The downtrend in textiles which began in the first half of last year resulted in 13.4 percent lower prices for this commodity group, and chemicals and allied products were down 8.4 percent. Building materials were moderately cheaper. Metals and products and fuel and lighting materials alone were higher than a year ago-- about 2 percent. The over-all index was still 11.8 percent higher than the level just before Korea, but had receded 4.5 percent since the high mark was reached during the week ended March 20, 1951.

Lower prices for many agricultural products, notably eggs and turkeys, cotton and cottonseed, most meat animals, and oranges and grapefruit dropped the BAE index of prices received by farmers at mid-month almost 2 percent from December to January. Higher prices for dairy products, chickens, veal calves and hay failed to offset the general movement, and the index, at 300 percent of the 1910-14 average, was off 5 points from the previous month. All crops, as a group, brought 1 percent less in mid-January. Cotton was 4 percent and fruit, 3 percent cheaper, and tobacco and oil-bearing crops were each down 2 percent. Food grains sold for 1 percent less. "Other vegetables" were 7 percent higher, however, marking another substantial price rise for potatoes and sweetpotatoes. Truck crop brought 2 percent more. Meat animal prices averaged 1 percent and wool, 2 percent lower, but the 2 percent decline in prices received for livestock and products was largely due to seasonally plentiful eggs, which lowered average poultry and egg prices 14 percent. Dairy products, moving contrary to the usual seasonal pattern, rose 1 percent.

Table 2.- Group indexes of wholesale prices week ended January 22, 1952 with comparisons

(1926=100)

Group	Week ended Jan. 22, 1952	Week ended Dec. 25, 1951	Week ended Jan. 23, 1951	Week ended June 27, 1950	Week ended January 22, 1952 percentage change from: Week ended Dec. 25, 1951	Week ended Jan. 23, 1951	Week ended June 27, 1950
All commodities	175.9	177.3	181.4	157.4	- .8	- 3.0	+ 11.8
Farm products	188.9	195.1	197.5	165.4	- 3.2	- 4.4	+ 14.2
Foods	186.2	189.2	182.9	162.4	- 1.6	+ 1.8	+ 14.7
All other than farm and food	165.1	165.5	171.1	149.2	- .2	- 3.5	+ 10.7
Textile products	158.2	160.0	182.6	137.3	- 1.1	-13.4	+ 15.2
Fuel and lighting materials	138.9	138.8	136.4	132.8	+ .1	+ 1.8	+ 4.6
Metals and products	191.5	190.9	187.7	171.9	+ .3	+ 2.0	+ 11.4
Building materials	223.7	224.6	227.6	203.7	- .4	- 1.7	+ 9.8
Chemicals and allied products	133.5	137.6	145.7	114.5	- 3.0	- 8.4	+ 16.6

Bureau of Labor Statistics.

Table 3.- Group indexes of prices received by farmers, January 15, 1952 with comparisons

(1910-14=100)

Group	Jan. 15, 1952	Dec. 15, 1951	Jan. 15, 1951	January 15, 1952 percentage change from: Dec. 15, 1951	January 15, 1952 percentage change from: Jan. 15, 1951
Food grains	251	253	240	- 1	+ 5
Feed grains and hay	234	233	214	1/	+ 9
Cotton	325	339	347	- 4	- 6
Tobacco	431	440	442	- 2	- 2
Oil-bearing crops	303	309	374	- 2	- 19
Fruit	171	177	192	- 3	- 11
Truck crops	337	331	324	+ 2	+ 4
Other vegetables	283	265	161	+ 7	+ 76
All crops	277	280	275	- 1	+ 1
Meat animals	376	379	391	- 1	- 4
Dairy products	316	314	286	+ 1	+ 10
Poultry and eggs	200	233	203	- 14	- 1
Wool	344	352	551	- 2	- 38
Livestock and products	320	328	323	- 2	- 1
Crops and livestock and products	300	305	300	- 2	0

1/ Less than one-half percent increase.

The BAE index of prices received by farmers in mid-January was the same as a year earlier. Crops, however, brought 1 percent more, and livestock and products, 1 percent less. The index, at 300 percent of the 1910-14 average, was about 4 percent below the all-time high recorded in February 1951, but 3 percent above the year's low which occurred in September. In 1951, prices received by farmers averaged 18 percent above 1950. The tight feed supply situation is reflected in the fact that prices for feed grains and hay in January averaged 9 percent higher than a year earlier. Strong foreign demand for wheat is principally responsible for 5 percent higher food grains. Prices for "other vegetables," in January averaged 76 percent more than a year ago, mainly because of higher prices for potatoes and sweetpotatoes resulting from reduced production. The greatly increased supply of cottonseed, however, helped bring prices for oil-bearing crops down 19 percent.

Heavy marketings of meat animals resulted in 4 percent lower prices than a year ago, but strong demand for fluid milk and butter raised dairy products prices 10 percent in the same period. Egg prices have fallen sharply recently, and poultry and eggs averaged slightly less than a year ago. The sharp 38 percent decline in wool prices was due to larger supplies and curtailed demand for wool textiles.

The index of prices paid by farmers for commodities used in family living, at 271 percent of the 1910-14 average, was down one point in mid-January from the December record level of 272, as revised. Clothing and building materials cost a little less. But feeder livestock and feed prices were up, and rising farm wage rates (up 5 percent since October) and increased interest charges and taxes continued to raise the farm cost structure. The index of prices paid by farmers, including interest, taxes, and farm wage rates, which averaged 281 in 1951, advanced 3 points to 287 from mid-December to mid-January. The parity ratio (index of prices received by farmers divided by the index of prices paid, including interest, taxes, and farm wage rates) dropped to 105, compared with 107, which was the mid-December level and the average for 1951.

Average prices paid by urban consumers of moderate incomes were up about 0.3 percent from November to December, at 189.1 percent of the 1935-39 average. Average food prices again inched upward, and higher prices for fresh vegetables offset cheaper meats and eggs. Clothing prices were again down slightly. The cost of living, as measured by the BLS index, rose almost 6 percent during 1951. Food costs, up 7 percent, advanced the most, followed by 6 percent and 5 percent for apparel and rent, respectively.

FARM INCOME

Cash Receipts in January

Farmers' cash receipts from marketings in January were about 2.6 billion dollars, 15 percent less than in December but 5 percent more than in January of last year. Prices of farm products in January averaged 2 percent lower than in December but the same as a year ago.

January receipts from livestock and livestock products are estimated at 1.5 billion dollars, down slightly from December and also slightly below January 1951. The decline from December was due to a seasonal drop in poultry receipts. Receipts from meat animals were a little higher than in the previous month, and dairy receipts were about the same.

Crop receipts were approximately 1.1 billion dollars in January, 26 percent less than December receipts but 17 percent more than last January. The decline from December was due mostly to cotton, tobacco, and tree nuts. The increase over last year was due mainly to wheat, cotton, and truck crops.

1951 Summary

Realized net income of farm operators totaled 14.9 billion dollars in 1951, up 2 billion dollars from the postwar low in 1950, but still 2 billion less than the postwar high in 1947. Total nonagricultural income, on the other hand, set another new record in 1951, up more than a third from its 1947 level.

Gross farm income in 1951, estimated at 37.4 billion dollars, was 14 percent larger than in 1950, and production expenses rose 12 percent to 22.5 billion dollars. The increase in realized net income was 17 percent.

Cash receipts from farm marketings in 1951 totaled 32.8 billion dollars, or 14 percent more than in 1950. Receipts from the sale of livestock and livestock products were 19.6 billion dollars, up 21 percent from 1950; but crop receipts rose only 5 percent to 13.2 billion dollars.

LIVESTOCK AND MEAT

Total meat production in January was above December and very close to January of 1951. Production of beef, veal and lamb was larger than in December but below last January. Production of pork was declining seasonally but was a little above January of last year. For almost a year, output of pork has consistently been above and output of other meats below year-earlier levels.

Indications are that total meat production in 1952 will be moderately larger than in 1951. Prospects are for most of the increase in total meat production to occur in the first half of the year. Pork output then will still be a little larger than last year. Record numbers of cattle and calves on feed point to more beef this spring than last. The 5.1 million cattle reported on feed January 1 were 11 percent more than a year earlier. Also, a higher proportion than last year had been on feed over 6 months, indicating larger marketings in the next few months. The number of sheep and lambs on feed, while relatively small, is 15 percent above last year and promises somewhat larger production of lamb this winter than last.

By late 1952 pork production will be considerably smaller than at the same time in 1951 and beef production will be considerably larger. Pork production at that time will be largely from the 1952 spring pig crop. Farmers' intentions are for a 9 percent smaller spring crop this year than last. Larger beef production will reflect the large inventories of all cattle now on hand.

Record high prices were received by farmers in 1951 for cattle, calves and lambs, which averaged about one-fourth higher in 1951 than in 1950. Hog prices showed much less gain over 1950 while sheep prices were up relatively more. Retail prices of all meats except pork were higher than ever before.

Larger supplies of livestock for slaughter have resulted in moderate price declines since last fall. On January 26, the first anniversary of the general price and wage freeze, prices of hogs, sheep and lambs, and most grades and classes of cattle were generally below a year ago. Prices of most grades of veal calves were above last January. Prices of beef, veal, and lamb at retail were still reported as somewhat above last January's prices.

The moderately larger meat supplies in prospect for 1952 may result in somewhat less upward pressure against retail price ceilings but do not point to any pronounced changes in 1952 average prices compared with the 1951 averages. The general price strength evident late last winter will not likely be repeated this year. Prices of better grades of cattle may decline somewhat seasonally this winter and spring. Prices of hogs will probably strengthen in weeks ahead, and may about equal last year during the spring and summer.

JANUARY 1952

DAIRY PRODUCTS

Milk production, as 1952 began, was apparently at nearly the same rate as a year earlier. However, storage stocks of dairy products, measured on a milk equivalent basis, were considerably less than at the beginning of 1951. Since milk production probably will continue about the same as in 1951 and U. S. foreign trade in dairy products is not likely to change much, it appears that per capita supplies of dairy products in 1952 will be 2 percent below 1951 and the lowest in three decades. With stronger consumer demand in prospect, it is probable that dairy prices this year will continue higher than a year earlier.

The pattern of milk use probably will contunue to change slightly in 1952 with production and consumption of butter declining to new lows. Consumption rates for fluid milk and ice cream and some other manufactured dairy products may be a little larger in 1952 than in 1951.

Wholesale prices for butter in early January were the highest since the summer of 1948, but declined later in the month as production increased seasonally. Prices for other manufactured dairy products have been steady in recent weeks. At the end of January, wholesale prices of manufactured dairy products were the following percentages of a year earlier: butter, 116; cheese, 96; condensed milk, 100; evaporated milk, 101; dry whole milk, 102 and nonfat dry milk solids (spray process), 114.

Consumption of fluid milk and cream continues larger than last year despite higher retail prices. In early January, the average retail price of milk delivered to homes in 25 cities was 23.0 cents per quart, 7 percent above early January 1951. The average price paid by dealers for milk in 131 survey cities was $5.42 per hundredweight, 9 percent higher than in January last year, and ranged from $3.85 in Grand Forks, North Dakota to $7.21 in Galveston and Houston, Texas.

Prices received by farmers for milk and butterfat are likely to decline as milk production increases from now until June. However, the decreases may be less than the usual seasonal amounts again this year. The milk-feed price ratio may continue about the same as a year earlier, which was about average, but the butterfat-feed price relationship will continue below average. Latest data (December 1) indicated crop correspondents were feeding slightly less feed concentrates than a year earlier, particularly in the Midwest where roughage supplies are large and butterfat prices are low relative to concentrates. Rate of milk production per cow, in reporters' herds, nevertheless was about the same as a year earlier on January 1. Total production of milk in the United States during 1951 was 119.6 billion pounds, about 1 billion less than 1950.

POULTRY AND EGGS

Consumer demand for eggs has been strong during the past year or so, and is expected to continue so. However, per capita supplies are likely to be larger this spring than a year earlier, and prices may stabilize somewhat below those of the same months of 1951. The mid-January price received by farmers in 1952 was 40.5 cents per dozen, compared with 42.6 cents in 1951. The lowest monthly price in 1951 was 41.4 cents, in February.

The profitability of egg production in the next 2 or 3 months will largely determine the size of the springtime hatch of chicks. From this hatch, particularly in March, April and May, will come the laying flock replacements, the number of which will affect 1953 egg production. The size of the hatch will also affect the quantity of chicken meat available.

The egg-feed price ratio, the number of pounds of poultry ration equal in value to 1 dozen eggs, is an approximate indicator of profit in the egg enterprise. In mid-January, this ratio was 9.5 pounds--less favorable to poultrymen than the ratio of 11.0 pounds a year earlier, but slightly more favorable than the 9.3-pound ratio of January 1950.

The reduction in the egg-feed price ratio in January 1952 from a year earlier resulted from a 10 percent increase in the price of feed, and a 5 percent decrease in the price of eggs. The egg-feed ratio in the next few months is likely to continue below last year, and the result is very likely to be a decline in the number of chickens raised for laying flock replacement.

Chicken prices received by farmers moved sharply upward in early January and averaged 25.1 cents per pound in the middle of the month. They had been low in late 1951, averaging 23.6 cents for October-December. The substantial recovery apparently reflected the end of the heavy seasonal marketings of farm chickens and turkeys.

In most of the specialized broiler areas, broiler prices in January exceeded the U. S. average for "all chickens." Placements of broiler chicks were almost 25 percent above a year earlier. Chicks placed in January will be ready for marketing in late March and April. Marketings of farm chickens will not reach a large volume until about mid-year, and storage stocks of poultry (excluding turkeys) are almost at last year's level. The January storage stocks were slightly more than one pound of chicken per capita.

Turkey storage normally reaches its season peak about the beginning of February. On January 1, the total was slightly lower than the year before. This indicates a good clearance of the record 1951 turkey crop. In January, farmers intended to raise 11 percent more turkeys than in 1951.

FATS, OILS AND OILSEEDS

Prices of the major edible vegetable oils have turned downward in recent months as supplies have been large in relation to demand. Stocks on October 1, 1951 (the beginning of the 1951-52 marketing year) were 48 percent larger than the low stocks of a year earlier. Production in October-December was 15 percent greater than the year before while domestic disappearance and exports totaled about the same. Consequently, stocks on January 1, 1952 were the largest for that date since 1949. Prices for lard have been declining seasonally. Total supplies of lard in October-December 1951 were only slightly larger than the year before as increased production was nearly offset by smaller stocks at the beginning of the marketing year. Total disappearance of lard (domestic and export) in these three months was 8 percent greater than in 1950. As a result, stocks of lard at the end of

December 1951 were smaller than in 1950 but seasonally greater than the month before. Butter prices are substantially higher than a year ago. Supplies are comparatively tight, as an increasing percentage of milk is being diverted to uses other than butter.

Supplies of soap fats are large in relation to demand and prices have declined in recent months. Stocks of inedible tallow and greases on October 1 totaled 22 percent more than on the same date the year before. Total disappearance of inedible tallow and greases in October-December was about equal to production but substantially less than in the same period in 1950. The lower disappearance reflects at least in part a continued expansion in production of synthetic detergents.

Prices of linseed oil increased through the middle of December, then declined through early January, and have since regained most of the loss. Prices of linseed oil have been influenced by fluctuations in dealer demand and, in recent weeks, by the strong export demand for flaxseed. Although supplies are very large, much of it represents CCC-owned oil from previous years, some of which is being held in reserve. The remainder is being offered for domestic use and export at the market price. Production of linseed oil in July-December 1951 was 20 percent less than the year before (the crop year for flaxseed starts on July 1) while total disappearance was down 13 percent.

The index of wholesale prices of the 26 major fats and oils (excluding butter) in January 1952 was about 165 percent of the 1935-39 average compared with 176 in December and 241 in January 1951. According to preliminary estimates, season average prices received by producers for 1951 crop cottonseed, soybeans and flaxseed are above support levels and, except for cottonseed, are higher than the year before.

CORN AND OTHER FEED

Feed prices in January generally remained near December levels, after having advanced fairly sharply last fall. In mid-January, prices received by farmers for oats and barley were only slightly below parity, while corn was 6 percent, and sorghum grain, 11 percent below. The index of prices received by farmers for feed grains was 9 percent higher than a year earlier. Wheat millfeed prices averaged about 30 percent higher while prices of most of the high-protein feeds were slightly to moderately higher. Prices of oilseed meals continued at ceiling, even though production has been at a record level in recent months. The strong demand for feed and smaller stocks of feed grains probably will hold feed prices generally higher than a year earlier through at least the first half of 1952.

Stocks of the four feed grains on January 1 totaled about 90 million tons, 10 percent smaller than a year earlier and the smallest since 1948, but stocks were well above the prewar average. Corn stocks of 2,384 million bushels were 9 percent smaller than a year ago, but were considerably larger than in most years prior to 1949. Stocks of other feed grains also were smaller than a year earlier, oats 3 percent, barley 17 percent, and sorghum grains 30 percent.

Total use of corn, oats and barley during October-December 1951 was heavy, and about the same as in the last quarter of 1950. Disappearance of feed grains is expected to continue comparatively heavy during the remainder of the 1951-52 season. Carry-over of all feed grains into 1952-53 probably will be around a third smaller than a year earlier.

In view of a prospective continued strong demand for feed grains and declining stocks, the Department of Agriculture 1952 goals call for an increase of 9 million acres in feed grains over 1951. The corn goal of 89 million acres is 5.1 million more than was planted in 1951. The acreage goal for barley is about 2 million acres above the 1951 acreage, sorghum grains about 1.6 million acres above, and oats about the same.

WHEAT

Wheat prices declined during most of December but have become firmer since the first of the year. On January 29 the price of No. 2 Hard Winter Wheat, ordinary protein, in Kansas City was $2.53, which was 9 cents above the loan, 5 cents below the season's high reached on December 10, but 26 cents above the low on July 25.

Exports, including wheat, flour and other products, in July-December totaled about 216 million bushels compared with 112 million for the same period a year earlier. Exports during the first half of 1950-51, were much smaller than in the second half, and it is expected that the reverse will be the case this year.

Through January 22, 232 million bushels were sold for export under the International Wheat Agreement. This left only 23 million bushels for sale under the U. S. quota at the maximum agreement price. At current domestic prices, a subsidy of about 68 cents is required for shipments under the Agreement. After the U. S. quota is filled, importing countries will need to continue to come to the United States for wheat because of the inability of other countries to supply their requirements, but it is likely that takings will decline when it is necessary to pay full market price.

Through December, farmers had placed 193 million bushels of wheat under loan and purchase agreement programs, compared with 181 million a year earlier. Redemptions through November 1951 totaled 10 million bushels. The total quantity from the 1950 crop placed under the programs was 196 million bushels.

Supplies of wheat in 1951-52 are estimated at 1,423 million bushels, consisting of a carry-over July 1, 1951 of 396 million, a crop of 987 million and possible imports of 40 million bushels of feeding-quality wheat. Total domestic use is estimated at 730 million bushels and it now appears that exports may total about 400 million. This would leave a carry-over of about 290 million bushels of old wheat on July 1, 1952, which is below both the 396 million bushels on July 1, 1951 and the 334 million average for 1941-50.

Winter wheat production in 1952 has been estimated at 918 million bushels, based on seeded acreage, an appraisal of reported crop conditions on December 1, 1951 and the assumption of normal weather conditions for the remainder of the crop season. If the spring wheat acreage this year should about equal the near-record of 22.3 million acres seeded in 1951, and if yields should be average, the spring crop would total 317 million bushels. With a winter crop of 918 million, total production would be 1,235 million. If domestic disappearance should total 745 million and exports 350 million as currently anticipated, the carry-over on July 1, 1953 would be 140 million greater than a year earlier.

Fruits

With cold-storage stocks of apples and pears considerably smaller on December 31, 1951 than a year earlier and continuing strong demand, grower prices for these fruits are expected to increase somewhat this winter and early spring. Prices for oranges may increase slightly in February and March as Florida Valencias, which usually bring higher prices than early and mid-season oranges, are marketed in volume.

In January 1952, grower prices for apples and citrus fruits generally were considerably below the legal minimum prices, at which ceilings could be established. Fresh fruits and canned citrus and pineapple fruits and juices continue free from price regulation, but other canned fruits and fruit juices and frozen fruits of the 1951 pack are under ceiling price regulation.

Grower prices for apples are expected to increase this winter, mainly because cold-storage stocks on December 31, 1951 were about 11 million bushels, or one-third under those of a year earlier and slightly below the 1946-50 average. In January, grower and terminal wholesale prices reached levels generally higher than in January 1951. With this prospect for rising prices, in contrast to declining prices in the first half of 1951, a smaller volume of apples is expected to be canned this winter and spring than the unusually large quantity canned last year. By mid-January 1952, about 2.6 million bushels of apples had been declared for export under the Government export-payment program, and over 1.3 million bushels had been purchased for distribution to the school lunch program and other eligible outlets.

Movement of pears out of cold storage during December 1951 was about one-fifth larger than in December 1950. On December 31, 1951, cold storage stocks were 16 percent smaller than a year earlier and 22 percent smaller than average. Grower and terminal auction prices for D'Anjou pears, the principal variety remaining to be marketed, were fairly steady during November and December. With the smaller supplies remaining to be marketed, it seems likely that prices at least will hold steady this winter.

Grower prices for oranges probably will increase slightly in February and March as movement to processors runs seasonally heavy and Florida Valencia oranges replace early and midseason varieties. Valencias usually bring higher prices than earlier oranges. However, prices are not expected to average as high as in the winter of 1951. As of mid-January, considerably more oranges remained to be marketed than a year earlier. At the same time, output of frozen orange concentrate and hot-pack canned juice was considerably smaller than by mid-January 1951. In Florida, packers' stocks of canned orange juice in early January were moderately smaller than stocks a year previously, but stocks of frozen orange concentrate were nearly twice as large.

Supplies of grapefruit remaining to be marketed after mid-January were about the same as a year earlier. Movement of Florida grapefruit to processors continues considerably under comparable movement to mid-January 1951. Packers' stocks of canned grapefruit juice were much larger in mid-January than stocks a year previously. Hence, average prices received by growers this winter may not change much from January levels, continuing below prices in the winter of 1951.

Stocks of frozen fruits and berries (excluding fruit juices) in cold storage on December 31, 1951, were about the same as the near-average (1946-50) holdings at the end of 1950. On January 1, 1952, total packer and wholesaler stocks of 9 items of canned fruits, which included nearly all major fruits, were 16 percent larger than on that date in 1951.

COMMERCIAL TRUCK CROPS

For Fresh Market

Prices received by farmers for commercial truck crops sold on the fresh market in February and March probably will remain seasonally high, because of continued strong demand and a moderate total supply. Prices will be much higher than a year earlier for cabbage, carrots, cauliflower and possible green peas, because supplies are below average and much smaller than last year. On the other hand, lower prices than a year earlier are in prospect for artichokes, snap beans, beets, celery, cucumbers, eggplant, escarole, kale, green peppers, shallots, spinach, and tomatoes. Prices of dry onions probably will be much higher than last winter because of the small stocks available from storage.

Demand for fresh vegetables this spring (April, May, and June) is expected to be at least as strong as that of a year earlier. The Department goals for 17 spring vegetables suggested production about as large as the 10-year average for 5 crops, moderately to considerably larger for 8 crops, and smaller for only 4 crops. The latter are those for which there has been a definite downward trend in winter season production; winter-harvest green peas is the most outstanding example, having been largely crowded out at this season of the year by frozen peas.

For Commercial Processing

Although civilian consumption of canned and frozen vegetables is expected to continue high through 1952 despite some price increase, a somewhat smaller production for processing in 1952 has been suggested in the Department goals. Military needs from the 1952 pack will be substantially smaller than was required from the 1951 pack, since the initial "pipeline" requirements have now been largely supplied. Among the major canned vegetables, canned corn will continue in somewhat short supply until a new pack can be made this year. Production and pack of corn in 1951 was a little smaller than desired, and carry-over stocks were very low.

POTATOES AND SWEETPOTATOES

Beginning last September, the United States average price received by farmers for potatoes has risen rapidly, mainly becuase of the short crop. Merchantable stocks on January 1 were reported at 97.1 million bushels, 40 percent less than on the same date last year. In mid-January prices were $2.07 per bushel, or 120 percent of parity on that date, the level below which ceilings could not be set. OPS established dollars-and-cents ceilings on potatoes at country shipping points and at wholesale, effective January 19, and percentage mark-ups for retailers, effective January 28. The ceilings as announced are intended to permit growers to receive at least parity for potatoes.

The Department's 1952 production goals program suggests that potato acreage be increased by 7 percent above 1951. Farmers' January 1 intentions to plant potatoes in 1952 indicated the probability of a slight increase in acreage in the late States and a slight decline in intermediate States. Experience in pre-support years would indicate that the U. S. acreage might be increased substantially in the light of high prices received for the 1951 crop.

Acreage of commercial early Irish potatoes for winter and spring harvest is expected to be about 10 percent larger than in 1951. A major part of the indicated acreage increase is in California, where high yields are the rule. With high early spring prices likely, it may be that California and other areas will dig a little earlier than usual, which would have a tendency to reduce yields slightly. However, with favorable weather, supplies of early commercial potatoes are expected to be substantially larger than a year earlier. Prices for 1951-crop potatoes probably will decline somewhat in late spring when new potatoes reach the market in heavy volume.

Because of a very small acreage and crop of sweetpotatoes in 1951, supplies and consumption of sweetpotatoes in the 1951 crop marketing season are estimated at only about half the usual quantity. With such scanty supplies, it is not surprising that prices received by farmers in January were by far the highest on record.

Prices for sweetpotatoes probably will continue relatively high for at least the next few months, but no great rise from present levels is expected. An increase of about 50 percent in acreage and 60 percent in production of sweetpotatoes in 1952 has been suggested by the Department in view of the short 1951 crop.

COTTON

The average 10 spot market price for basis Middling 15/16 inch cotton has remained farily steady the past month, fluctuating within a range of about $1\frac{1}{4}$ cents per pound, rising from 41.22 cents on December 18 to 42.48 cents on January 5, then declining to 41.60 cents on January 30. The parity price for cotton was 34.10 cents per pound in both November and December, rising to 34.35 cents in January. However, the average price received by farmers declined from 40.34 cents in December to 38.70 cents in January, and from 118 to 113 percent of the parity price. This is largely due to the usual end-of-year decline in the quality of cotton being marketed.

On January 4 the Commodity Credit Corporation announced purchase rates for 1952-crop American Egyptian cotton. The average purchase price for Grade No. 2, $1\frac{1}{2}$ inches in staple length in California, Arizona, New Mexico, and Texas is 107.10 cents per pound. This compares with 104.00 cents for the 1951 crop.

The net movement of upland cotton into the CCC loan which prevailed earlier in the season has been reversed. Through January 24, 877 thousand bales had entered the loan, but repayments had been made on 412 thousand bales.

Consumption of cotton during December 1951 averaged 35.4 thousand bales per day. This was 9.4 percent below November and compares with 41.3 thousand bales during December 1950. The decline from November to December is about in line with a normal seasonal pattern.

Through January 16, 14.5 million bales of cotton had been ginned from the 1951 crop, 90.5 percent of the indicated production of 15.2 million bales. About one-half of the crop remaining to be ginned was grown in California and Arizona, where the 1951 crop was unusually large. For the past 5 years ginnings to this date have averaged 97.5 percent of the crop.

WOOL

Prices of wool at the opening auctions of the second half of the selling season in the British Dominions were slightly lower than when auctions closed in December.

Quotations for most imported and domestic wools at Boston at mid-January, based on very limited sales, were about the same as a month earlier. For the week ending January 11, domestic territory fine staple wool was quoted at $1.85 per pound, clean basis, the same as a month earlier. Spot Australian 64s, 70s good topmaking wool was quoted at $1.72 (in bond), clean basis (American yield), for the same week, 7 cents higher than at mid-December.

On January 9, the Office of Price Stabilization issued Ceiling Price Regulation 35 Revision 1, which provides for a reduction of slightly over 20 percent in the average ceiling price levels for wool when sold by those other than growers. The new ceiling for 64s average wool will be $2.66 per pound, clean basis, compared with the present ceiling of $3.35, and is higher than current spot quotations. The revised ceilings will become effective on April 8.

Prices received by domestic growers for shorn wool at mid-January averaged 61.3 cents per pound, grease basis, 1.4 cents lower than at mid-December and 36.7 cents lower than at mid-January of last year. The price received by domestic growers this January was 102 percent of the parity price, compared with 180 a year earlier.

The weekly rate of apparel wool consumption during November, 6.4 million pounds, clean basis, was 19 percent lower than for the same month of 1950. Consumption through November totaled 352 million pounds, 48 million pounds, or 12 percent less than in 1950. The rate of consumption of carpet wool during November, 1.7 million pounds per week, was 46 percent lower than that of a year earlier. Consumption during January-November amounted to 95 million pounds, 48 percent less than in 1950.

Imports of dutiable wools during November totaled 16 million pounds, clean basis. Although this was the fifth consecutive month in which imports were below a year earlier, imports during the first 11 months of 1951 of 252 million pounds were 10 percent greater than the year before. Imports of duty-free wools during 1951 were less than half the year before, totaling only 84 million pounds during January-November or 40 percent of imports in the same period of 1950.

TOBACCO

Nearly all of the 1951 crop of Burley tobacco was marketed by late January. Gross sales (includes resales) totaled over 640 million pounds at an average price of 51.2 cents per pound, compared with the 1950 season average of 48.8 cents. This season's average price exceeds that of any previous year on record. The support price for the 1951 crop is 49.8 cents, and about 80 million pounds or approximately 14 percent of the 1951 crop was placed under Government loan compared with 44 million pounds or 9 percent of the 1950 crop. The 1951 harvestings of Burley were one-sixth larger than in 1950 but total supply (includes carryover) is up only 4 percent.

Cigarette manufacture--principal outlet for Burley, flue-cured, and Maryland tobacco--continued high. Indicated tax-paid withdrawals of cigarettes in 1951 totaled 380 billion--5 percent higher than the previous record in 1950. Flue-cured and Burley acreage allotments for 1952 are about as large as those of 1951 and if yields per acre are average, supplies for 1952-53 should be ample to meet demand.

Auction sales of Virginia fire-cured (type 21) were nearly completed by late January. Auction prices for type 21 averaged 39 cents per pound--a record and about 2½ cents above last season's average. Auction sales of Kentucky-Tennessee fire-cured (types 22-23) began January 7, and demand for these types continued relatively favorable throughout the month. Prices of types 22 and 23 through late January averaged 40 and 35 cents per pound, respectively--in each case 9 cents more than the 1950 season averages. Quality of the offerings was much better than in the previous season when weather conditions were particularly adverse.

The auctions for dark air-cured tobacco (types 35 and 36) resumed in the second week of January and prices for the season through the latter part of the month averaged about 34 cents per pound for each type. The season averages are likely to be a record and 10 or 11 cents above those of the 1950 season when the inferior quality held down the price averages for these types.

Exports of manufactured tobacco from the United States in 1951 were probably around 510 million pounds (declared weight) compared with 478 million in 1950. In the first 11 months of 1951 compared with the same period of 1950, flue-cured exports (four-fifths of total tobacco exports) increased 9 percent. Exports of Kentucky-Tennessee fire-cured and Maryland were each up about one-third and those of the dark air-cured types (including that in Black Fat) were about double. On the other hand, Burley exports were more than one-third lower and exports of cigar leaf and Virginia fire-cured were each approximately one-sixth less than in the same months a year earlier.

Total tax-paid withdrawals of large cigars in 1951 are indicated at 5,735-million -- a 3.5 percent rise over 1950. Cigar consumption in 1952 is expected to show some further gain.

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